



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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**9 VAC 5-10 – Regulations for the Control and Abatement of Air Pollution**  
**Department of Environmental Quality**  
December 14, 2008

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### **Summary of the Proposed Amendments to Regulation**

The State Air Pollution Control Board (board) proposes to make clarifying changes to the regulation and revise the definition of volatile organic compound (VOC) to add (1)1,1,1,2,2,3,4,5,5,5-decafluoro-3-methoxy-4-trifluoromethyl-pentane (HFE-7300) to the list of substances not considered to be a VOC. The proposed amendments are being made to ensure that the definition of VOC, which is crucial to board regulations, is up-to-date and scientifically accurate, as well as consistent with the overall EPA requirements under which the regulations operate.

### **Result of Analysis**

The benefits likely exceed the costs for all proposed changes.

### **Estimated Economic Impact**

According to the Department of Environmental Quality (DEQ), no sources located in Virginia currently use HFE-7300. There are sources that may some day eventually wish to use this substance; however, DEQ has not identified any specific sources that plan to do so. HFE-7300 has a variety of potential uses such as a heat transfer fluid, coating, cleaner, and lubricant. It may be used in (i) coating deposition applications, (ii) heat-transfer fluids in heat-transfer processes, (iii) cleaning organic and/or inorganic substrates, and (iv) formulating working fluids or lubricants for machinery operations and manufacturing processes.

A source that is not currently using HFE-7300 but at some point does choose to use it may do so in order to realize a cost savings. If this occurs it will likely result in the use of products containing the less-reactive substance in place of products containing more reactive and

thereby more polluting substances.<sup>1</sup> This may ultimately result in fewer emissions of VOCs and reduced production of ozone, which results from VOC emissions. This would benefit public health and welfare, the amount of which would depend on the number of companies, if any, that anticipate a financial benefit from switching products. Since the proposed amendments will only have impact if the use of HFE-7300 lowers costs for firms, and the use of HFE-7300 would likely result in less pollution, the proposal produces net benefits.

### **Businesses and Entities Affected**

No sources located in Virginia currently use this substance. There are sources that may some day eventually wish to use this substance; however, DEQ has not identified any specific sources that plan to do so. Firms involved in the production or use of (i) coating deposition applications, (ii) heat-transfer fluids in heat-transfer processes, (iii) cleaning organic and/or inorganic substrates, and (iv) formulating working fluids or lubricants for machinery operations and manufacturing processes potentially could be affected.

### **Localities Particularly Affected**

There is no locality which will bear any identified disproportionate material air quality impact due to the proposed amendment which would not be experienced by other localities.

### **Projected Impact on Employment**

The proposed amendments will not likely significantly affect employment.

### **Effects on the Use and Value of Private Property**

The proposed amendments will not likely significantly affect the use and value of private property.

### **Small Businesses: Costs and Other Effects**

The proposed amendments will not affect most small businesses. Firms involved in the production or use of (i) coating deposition applications, (ii) heat-transfer fluids in heat-transfer processes, (iii) cleaning organic and/or inorganic substrates, and (iv) formulating working fluids or lubricants for machinery operations and manufacturing processes could potentially encounter cost savings.

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<sup>1</sup> Source: DEQ

## **Small Businesses: Alternative Method that Minimizes Adverse Impact**

The proposed amendments do not adversely affect small businesses.

## **Real Estate Development Costs**

The proposed amendments do not directly affect real estate development costs.

## **Legal Mandate**

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.